City Council Meeting
03-23-26
**Item 1.B.5.**

# Council Agenda Report

To: Mayor Silverstein and the Honorable Members of the City Council

Prepared by: Cynthia Alba, Senior Management Analyst

Reviewed by: Christopher Smith, Assistant City Manager

Approved by: Joseph D. Irvin, City Manager

Date prepared: March 3, 2026 Meeting date: March 23, 2026

Subject: Amendment No. 4 to Professional Services Agreement with Lance, Soll, & Lunghard, LLP (dba LSL, LLP) for Financial Auditing Services

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RECOMMENDED ACTION: Authorize the Mayor to execute Amendment No. 4 to Professional Services Agreement with Lance, Soll, & Lunghard, LLP ("LSL") for Financial Auditing Services.

FISCAL IMPACT: Amendment No. 4 would extend the term of the agreement through May 12, 2027, and increase the contract authority by $47,280 to an amount not to exceed $253,290. Funding for this agreement was included in the Proposed Budget for Fiscal Year 2025-26 in Account No. 100-7054-5100-00 (Finance - Professional Services).

STRATEGIC PRIORITY: This item is part of the day-to-day operations identified in the Adopted FY 2025-26 Strategic Priority Project List.

DISCUSSION: Staff seeks Council authority to extend the City's agreement with LSL for auditing services, including conducting the City's annual audit. Staff seek to amend the existing agreement for these services while staff continue to manage the administrative aspects of the fire recovery and assess the City's financial outlook. Staff intend to undertake a competitive process for future services following this contract extension.

On December 2, 2019, the City issued a request for proposals for financial audit and accounting services. On March 10, 2020, the City Council authorized a two-year agreement with LSL for auditing services. On January 10, 2022, the City Council executed Amendment No. 1, extending the term to March 23, 2024. On May 13, 2024, the City

Council executed Amendment No. 2, extending the term to May 12, 2025. On May 13, 2025, the City Council executed Amendment No. 3 extending the term to May 12, 2026.

The City has contracted with LSL for financial auditing services since May 2004. LSL conducts an interim audit, an annual audit, and a single audit as required for the city each year. They prepare the City's financial statements, as well as the City's federal single audit report. Because of their familiarity with the City's finances and operations, they are extremely beneficial in the preparation of the annual comprehensive financial report. LSL is very conscientious in maintaining an unbiased and optimal auditing service by rotating staff assigned to oversee the City's audit each year. In addition, pursuant to Government Code Section 12410.6(b), regarding auditor rotation requirements of public accounting firms providing audit services to local agencies, LSL has continued to provide the City with a new lead audit partner for each audit who had not been previously responsible for preparing or reviewing the City's audits.

The parties propose to amend the Agreement via Amendment No. 4 to increase the Consultant's total compensation by $47,280, for a revised not-to-exceed amount of $253,290, and to extend the term of the Agreement through May 12, 2027. Staff recommend this augmentation to the Agreement to allow LSL to work with staff to continue financial auditing for Fiscal Year 2026-27.

ATTACHMENTS:

1. Amendment No. 4 to Agreement with LSL, LLP

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# AMENDMENT NO. 4 TO AGREEMENT FOR PROFESSIONAL SERVICES

THIS AMENDMENT NO. 4 TO AGREEMENT FOR PROFESSIONAL SERVICES ("Amendment No. 4") is made and entered in the City of Malibu on March 23, 2026, by and between the CITY OF MALIBU, a municipal corporation, hereinafter referred to as "City", and Lance, Soll & Lunghard, LLP, a Limited Liability Partnership (dba LSL, LLP), hereinafter referred to as "Consultant". City and Consultant are each a "Party" and collectively, the "Parties".

The City and the Consultant agree as follows:

## RECITALS

A. On March 16, 2020, the City entered into an Agreement with Consultant to perform the annual audit of the City's financial transactions (the "Agreement").

B. On January 10, 2022, the City amended the Agreement with Consultant, extending the term to March 23, 2024 and increasing Consultant's total compensation by $65,620.

C. On May 13, 2024, the City amended the Agreement with Consultant, extending the term to May 12, 2025 and increasing Consultant's total compensation by $39,320.

D. On May 13, 2025, the City amended the Agreement with consultant, extending the term to May 12, 2026 and increasing Consultant's total compensation by $41,210.

E. The Parties desire to amend the Agreement to increase the Consultant's compensation by $47,280 and to extend the term of agreement through May 12, 2027 to include financial auditing for Fiscal Year 2026-27 and the Consultant has submitted a proposal for this purpose that is acceptable to the City, attached as Exhibit 1.

NOW THEREFORE, in consideration of their mutual promises, obligations and covenants hereinafter contained, the parties hereto agree as follows:

1. Section 2.0 – Term of Agreement, of the Agreement, is hereby extended to May 12, 2027, the "Renewal Term."

2. Section 4.0 – Compensation for Services, of the Agreement, is hereby amended to read as follows:

> **4.0 Compensation for Services.** The City shall pay the Consultant for its professional services rendered and costs incurred pursuant to this Agreement in accordance with the fee and cost schedule attached hereto as Exhibit B and incorporated herein by reference. If any part of Exhibit B is inconsistent with the terms of this Agreement, the terms of this Agreement shall control. The cost of service shall not exceed $253,290. No additional compensation shall be paid for any other expenses incurred, unless first approved by the City Manager, or his designee.
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> > **4.1** The Consultant shall submit to the City, by no later than the 10th day of each month, its bill for services itemizing the fees and costs incurred during the previous month. The City shall pay the Consultant all uncontested amounts set forth in the Consultant's bill within 30 days after it is received.

3. The Parties agree to attach the fee and cost schedule, attached to this Amendment No. 4 as Exhibit 1, to the Agreement as Exhibit B.

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4. The Parties further agree that this Amendment No. 4 will be considered signed when the signature of a Party is delivered physically or by facsimile transmission or scanned and delivered via electronic mail. Such facsimile or electronic mail copies will be treated in all respects as having the same effect as an original signature.

5. All terms and conditions of the Agreement not amended by this Amendment No. 4 remain in full force and effect.

This Amendment No. 4 is executed on _____, at Malibu, California, and effective as of March 23, 2026.

CITY OF MALIBU:

ATTEST:

BRUCE SILVERSTEIN, Mayor

KELSEY PETTIJOHN, City Clerk
(seal)

APPROVED AS TO FORM:

THIS DOCUMENT HAS BEEN REVIEWED BY THE CITY ATTORNEY'S OFFICE

TREVOR RUSIN, Interim City Attorney

CONSULTANT: LANCE, SOLL, & LUNGHARD, LLP, a Limited Liability Partnership (dba LSL, LLP)

By: Signed by: Ryan Domino 7B0C12B073304BD...

Name: Ryan Domino, CPA
Title: Partner

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February 20, 2026

Renée Neermann
Financial Controller
City of Malibu

Dear Ms. Neermann:

As you are aware, our contract with the City of Malibu ("City") for auditing services will expire with the fiscal year ending June 30, 2025. Over the years, we have provided the City with auditing and accounting services which included:

- Performing a financial audit of the basic financial statements of the City. These financial statements were included within an Annual Comprehensive Financial Report (ACFR) and met all the requirements necessary to receive the Government Finance Officers Association Award for Excellence in Financial Reporting
- Measure W – Safe, Clear Water Program Audit, triennially
- Conducting a Single Audit in accordance with federal Uniform Guidance, when applicable

We have made it an absolute priority to provide the City with the best service available and we would like to continue to provide this level of service to the City. Since LSL specializes in the audits of local government and has an extensive government services staff, we provide for staff rotation on your engagement so that the City will always receive a fresh look at its system and records. This coupled with the knowledge base we have gained from working with the City over the years, provides for optimal audit services.

We would like to propose a one-year extension to our original agreement to provide continuous and undisrupted auditing services to the City. As a part of our services, LSL, LLP will continue to provide extensive Governmental Accounting Standards Board (GASB) assistance to the City throughout the year.

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LSL

City of Malibu
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Please see the schedule below for our proposed fees for the next year. The services to be performed, fee structure and billing methods would remain unchanged from our original agreement.

| All-Inclusive Maximum Price by Report | |
|---|---|
| **Report** | **2025-26** |
| **City's Financial Audit** | $36,160 |
| **Single Audit (if applicable)*** | $5,550 |
| **GANN Limit Review Report** | $570 |
| **Measure W** | $5,000 |
| **Out-of-Pocket Expenses** | *Included* |
| **SUBTOTAL FOR FISCAL YEAR** | **$47,280** |
| Total for Fiscal Year (Not-to-Exceed) | $47,280 |

**Price includes 1 major program. Each additional program is $4,000.*

Again, LSL LLP looks forward to continuing to provide quality services to the City of Malibu. Please sign below to acknowledge your acceptance of this agreement and return to my attention. Should you or any other representative of the City have additional questions regarding this agreement, please do not hesitate to contact James Butera, Partner at (949)-829-8299.

Very truly yours,

LSL, LLP

_____
Signature

_____
Date